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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 27, 2008

Kit Pappas, Resident Agent
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84526

Subject: Commencement of Midterm Review, Hidden Splendor Resources, Inc., Horizon Mine,
C\007\00020, Task ID # 3076

Dear Mr. Pappas:

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to occur not later than the middle of each permit term (December 10, 2008 for the Horizon Mine) and will cover pertinent elements that have been selected for review. The Midterm Review for the Horizon Mine is now being conducted and the items chosen for review encompass the following:

1. A review of the mine plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the mine plan document.
2. A review to ensure that the mine plan has been updated to reflect changes in the Utah Coal Regulatory Program that have occurred subsequent to permit approval (example: compliance with U.S. Fish and Wildlife Department - Colorado River Endangered Fish Recovery Program).
3. A review of the applicable portions of the permit to ensure that the mine plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
4. An AVS check to insure that Ownership and Control information is current and correct, verify compliance status of unabated enforcement actions, determine status of any outstanding finalized penalties, and verify that there are no demonstrated patterns of violation.

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5. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate current-year dollars.
6. A review of the mining and reclamation plan for compliance with operator commitments related to variances or special permit conditions (including but not limited to subsidence control/monitoring plans and reporting requirements, variances to AOC, experimental practices, electronic database water monitoring reporting, raptor surveys, revegetation test plots, etc.).
7. The Division may conduct a technical site visit, in conjunction with the assigned compliance inspector, to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

Once the review has been conducted, you will be notified of any outstanding issues that need to be corrected. If you have any questions regarding this Midterm Review, please don't hesitate to call me at (801) 538-5262.

Sincerely,

A handwritten signature in black ink, appearing to read 'J.D. Smith', written over a horizontal line.

James D. Smith
Permit Supervisor

sqs

cc: Price Field Office

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